

# RCM Technology Trust PLC

Factsheet

31 March 2014

## Fund Manager's Review



Walter Price

### Portfolio Highlights

The Trust's NAV fell by 5.21% in March, underperforming its benchmark. In March, we saw a change in market sentiment to where some of the higher valuation stocks that have done very well over the past year came under pressure. An improving global growth backdrop in the developed markets, a better-than-feared situation in emerging markets and the US Federal Reserve's more hawkish tone seems to have helped more value-oriented segments of the market. This shift challenged many of our secular growth holdings during the month.

In particular, ServiceNow, a provider of cloud-based software solutions, was one of the top detractors during the month. However, in its most recent quarterly report, the company announced billings growth figures that were 70% above last year's results and the fundamental outlook remains largely intact. We remain confident about ServiceNow's growth prospects in its core IT service management (ITSM) market.

China-based SouFun Holdings was another significant detractor during the month. SouFun's websites help property developers, estate agents, and home improvement companies reach their customers through advertisements, property listings, and direct purchases through their e-commerce platform. The company's performance is sensitive to the Chinese housing market which has shown some softness lately. We decided to trim our position given some of the stock-specific uncertainties and general selling pressure among Chinese Internet names. Still, we continue to be optimistic about SouFun's long-term opportunities.

Other detractors included our overweight positions in social media company Facebook, electric vehicle maker Tesla Motors, and in local business review website operator Yelp. Though our strategy is primarily comprised of secular growth technology companies, we maintain a portion of the portfolio in more total-return oriented holdings that have attractive valuations but also have company/industry drivers that could help them re-rate. This segment serves as ballast to the higher-growth nature of our core holdings. As intended, this group did well over the month and mitigated some of the losses we sustained among our high-growth names.

Flash memory maker, SanDisk, was among the holdings within the total return group that helped our performance. We think that new smartphone builds later this year, stabilising PC demand, and the longer-term shift toward more advanced memory products should help maintain the favourable industry dynamics.

Our position in online health insurance broker eHealth was a top contributor during the month. In conjunction with the roll-out of the Patient Protection and Affordable Care Act of 2010 (ACA), the company has partnered with the federal government to allow individuals in the 34 states that have not established their own exchanges to buy insurance through their platform. With the prospect of higher volumes driven by ACA customers and additional opportunities in the Medicare and employer markets, we think eHealth could grow its top-line considerably over the next several years.

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## Market Outlook

Looking forward, we believe the technology sector could provide some of the best absolute and relative return opportunities in the equity markets – especially for bottom-up stock pickers. At present, we are seeing a wave of innovation in the sector that is producing great returns for those companies leading the charge. In many cases, these advances are made at the expense of companies beholden to yesterday's technologies. We believe these conditions are ideal for our strategy which emphasizes emerging leaders in next generation technologies.

As a case in point, we expect the threat of cloud computing to traditional technology companies could accelerate in the coming year amid friendlier macro conditions and high-profile deployments across larger corporate and government customers. Because of the increasingly competitive environment in the cloud, we believe selective investment in established leaders in the space may provide the best potential price returns.

All data source Allianz Global Investors as at 31.03.14 unless otherwise stated.

Allianz Global Investors Europe GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY

**This is no recommendation or solicitation to buy or sell any particular security. Any security mentioned above will not necessarily be comprised in the portfolio by the time this document is disclosed or at any other subsequent date.**

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	0.0	6.7	40.5	49.9	173.6
NAV	0.1	6.9	30.3	32.1	152.2
Benchmark	2.1	11.1	13.7	31.1	112.3

## Discrete Performance (%)

From To	31.03.09 31.03.10	31.03.10 31.03.11	31.03.11 30.03.12	30.03.12 29.03.13	29.03.13 31.03.14
Share Price	54.1	18.5	-8.2	16.3	40.5
NAV	49.9	27.4	-2.2	3.7	30.3
Benchmark	52.1	6.5	12.0	3.0	13.7

Source: Lipper, percentage growth, mid to mid, total return to 31.03.14.

Benchmark: Dow Jones World Technology Index (Sterling Adjusted).

Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested.

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## Awards



**Allianz**   
Global Investors

## Capital Structure

Total Assets:	£138.4m
Shares in Issue:	25,768,006 (Ordinary 25p)
Ordinary Share Price <sup>1</sup> :	524.0p
Net Asset Value (Ordinary) <sup>2</sup> :	537.3p
Premium/-Discount to NAV <sup>2</sup> :	-2.5%
NAV Frequency	Daily

1. Source: Lipper as at 31.03.14, market close mid price.

2. A trust's Net Asset Value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities. An undiluted, cumulative NAV is shown.

## Key Information

Launch Date:	December 1995
Continuation Vote:	2016
AIC Sector:	Specialist Sector: Technology, Media & Telecoms
Benchmark:	Dow Jones World Technology Index (Sterling Adjusted)
Annual Management Charge:	0.8% plus £55,000 p.a. (Administration Fee)
Performance Fee: <sup>2</sup>	Yes
Ongoing Charges: <sup>1</sup>	1.32%
Year end:	30 November
Annual Financial Report:	Final posted in March, Half-yearly posted in July
AGM:	April
Price Information:	Financial Times, The Daily Telegraph, www.rcmtechnologytrust.co.uk
Board of Directors:	Robert Jeens (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway MBE, Dr Chris Martin
Company Secretary	Peter Ingram
Investment Manager	Walter Price
Codes:	RIC: RTT SEDOL: 0339072

1. Source: AIC, as at the Trust's Financial Year End (30.11.2013). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

2. Calculated as 12.5% of the outperformance of the NAV compared to the indexed NAV over the performance period. The fee is capped at a maximum of 2.25% of the Trust's NAV at the year-end.

## Risks & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

Competition among technology companies may result in aggressive pricing of their products and services, which may affect the profitability of the companies in which the Trust invests. In addition, because of the rapid pace of technological development, products or services developed by these companies may become rapidly obsolete or have relatively short product cycles. This may have the effect of making the Trust's returns more volatile than the returns of a fund that does not invest in similarly related companies.

Investment trusts can enhance returns through gearing. This can boost a Trust's returns when investments perform well, though losses can be magnified when investments lose value. This Trust does not currently employ gearing. Derivatives can be used to manage the Trust efficiently.

**All data source Allianz Global Investors as at 31.03.14 unless otherwise stated.**

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**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.** The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been, or will be, made or concluded, shall prevail.

## Sector Breakdown (%)

Technology	63.1	
Consumer Services	15.7	
Industrials	5.7	
Utilities	5.1	
Financials	4.1	
Cash	3.2	
Consumer Goods	3.1	

## Geographic Breakdown (%)

North America	78.5	
Far East & Pacific	10.2	
Europe ex UK	7.2	
Cash	3.2	
UK	0.9	

## Top Ten Holdings (%)

Google	4.8	Palo Alto Networks	3.1
Microsoft	4.5	Ehealth	3.0
SunPower	4.2	Alcatel-Lucent	2.8
Facebook	4.0	Salesforce	2.8
ServiceNow	3.9	Juniper Networks	2.3
<b>Total Number of Holdings</b>	<b>71</b>		

## How to Invest

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker. Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website.

## Contact Us

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

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